

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5971-02  
Bill No.: HB 2322  
Subject: Economic Development; Tax Incentives; Taxation and Revenue - General; St.  
Louis City  
Type: Original  
Date: January 22, 2016

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Bill Summary: This proposal changes the law regarding tax increment financing.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$4,000,000)	(Up to \$4,000,000)	(Up to \$4,000,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Up to \$4,000,000)</b>	<b>(Up to \$4,000,000)</b>	<b>(Up to \$4,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Supplemental Tax Increment Financing*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Transfer in to General Revenue and transfer out to St. Louis County net to zero.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Local Government</b>	<b>Up to \$4,000,000</b>	<b>Up to \$4,000,000</b>	<b>Up to \$4,000,000</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials at the **Department of Economic Development (DED)** assume this proposed legislation adds language to the current TIF statute 99.845. It adds that the current \$32M cap shall not apply to redevelopment plans initially listed by name in the applicable appropriations bill after August 28, 2016 (changed from 2015) which involve "property formerly included in an airport noise mitigation program." It further adds that no more than \$4M/year of state revenues be spent on projects that involve "property formerly included in an airport noise mitigation program."

Because this is a new use of TIF monies and the legislation specifically places a cap of \$4,000,000 on state monies that can go toward the new type of project, DED projects a negative impact of \$4,000,000 per year.

Officials at the **State Tax Commission** assume no fiscal impact from this proposal.

In response to similar legislation filed last year, HB 514, officials at the **Department of Revenue** assumed no fiscal impact from this proposal.

Officials at the **St. Louis County** assume no fiscal impact from this proposal.

**Oversight** assumes there could be a loss to the General Revenue fund of up to \$4 million for redevelopment projects involving property formerly included in an airport noise mitigation program.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
<u>Loss</u> - Department of Economic Development - transfer of incremental new state revenues for redevelopment projects	(Up to <u>\$4,000,000</u> )	(Up to <u>\$4,000,000</u> )	(Up to <u>\$4,000,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Up to <u>\$4,000,000</u>)</b>	<b>(Up to <u>\$4,000,000</u>)</b>	<b>(Up to <u>\$4,000,000</u>)</b>
<b>SUPPLEMENTAL TAX INCREMENT FINANCING FUND</b>			
<u>Transfer In</u> - from GR of incremental new state revenues for redevelopment projects	Up to \$4,000,000	Up to \$4,000,000	Up to \$4,000,000
<u>Transfer Out</u> - to St. Louis County for redevelopment project	(Up to <u>\$4,000,000</u> )	(Up to <u>\$4,000,000</u> )	(Up to <u>\$4,000,000</u> )
<b>NET EFFECT ON SUPPLEMENTAL TAX INCREMENT FINANCING FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>ST. LOUIS COUNTY FUNDS</b>			
<u>Transfer In</u> - incremental new state revenues for redevelopment projects involving airport noise mitigation program	Up to <u>\$4,000,000</u>	Up to <u>\$4,000,000</u>	Up to <u>\$4,000,000</u>
<b>ESTIMATED NET EFFECT ON ST. LOUIS COUNTY FUNDS</b>	<b>Up to <u>\$4,000,000</u></b>	<b>Up to <u>\$4,000,000</u></b>	<b>Up to <u>\$4,000,000</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

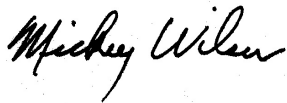
FISCAL DESCRIPTION

This proposal changes the law regarding tax increment financing.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Department of Revenue  
State Tax Commission  
St. Louis County



Mickey Wilson, CPA  
Director  
January 22, 2016

Ross Strobe  
Assistant Director  
January 22, 2016